

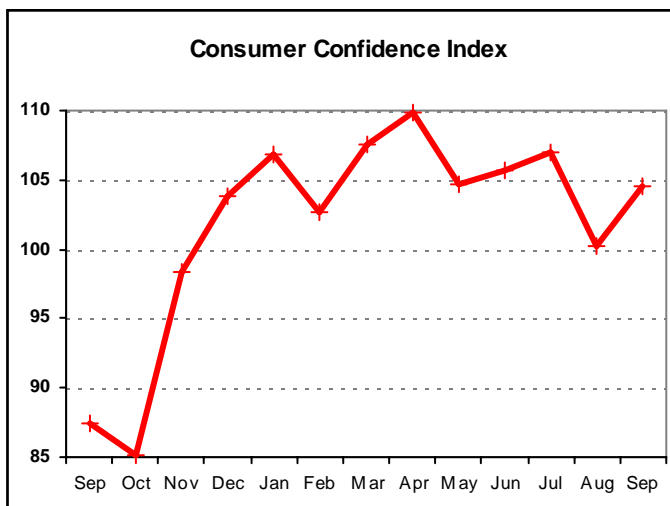
Other Indicators (National)

Consumer Confidence Index

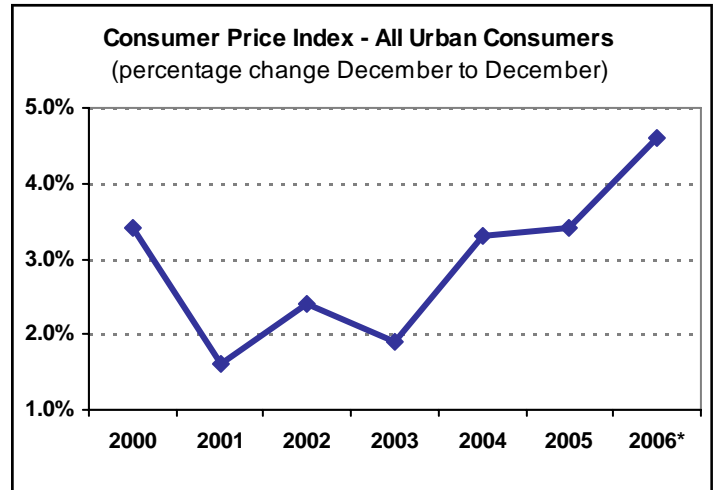
Consumer confidence, as measured by the Conference Board's Consumer Confidence Index, rebounded in September. The index rose to 104.5 from 100.2 in August.

Lynn Franco, Director of The Conference Board Consumer Research Center indicated that "a more favorable assessment of current conditions coupled with a less pessimistic short-term outlook boosted consumer confidence this month." Franco indicated, however, that "even though consumers' concerns have eased, there is little to suggest a significant change in economic activity as we enter the final quarter of 2006."

Consumers' assessment of current conditions and outlook for the next six months both improved as well. The Present Situation Index, which measures consumer confidence in current business and employment conditions, rose to 127.7 from 123.9, while the Expectations Index, which measures consumers' confidence in future business, employment and family income six months from now, increased from 84.4 to 89.0.



Source: The Conference Board. Compiled by the Office of Budget and Management.



Source: Bureau of Labor Statistics. Compiled by the Office of Budget and Management.

* - seasonally adjusted annual rate (SAAR) through August

Consumer Price Index

The Bureau of Labor Statistics (BLS) reported a 0.2 percent increase in August in the consumer price index for all urban consumers (CPI-U), following the 0.4 percent rise in July. Core prices, which excludes food and energy costs, rose 0.2 percent. CPI-U was 3.8 percent higher than in August 2005.

Energy costs, which advanced 2.9 percent in July, increased 0.3 percent in August. The index for gasoline rose 0.2 percent, following a 5.3 percent increase in July. Transportation costs likewise rose 0.2 percent in August.

The food and beverages index increased 0.3 percent in August. The index for housing increased 0.2 percent in August. The index for home fuels and utilities rose 0.3 percent, increasing for the second consecutive month after declining in the preceding five months. Clothing prices rose 0.9 percent, while medical care rose 0.4 percent.

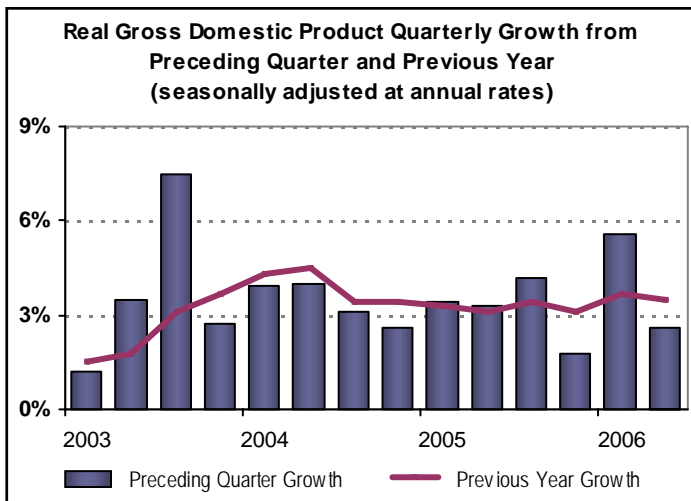
Year-to-date through August 2006, the CPI-U rose at a 4.6 percent seasonally adjusted annual rate, compared to an increase of 3.4 percent for all of 2005. Core prices, which exclude food and energy costs, rose at a 3.0 percent seasonally adjusted annual rate through August, compared to a 2.2 percent increase for all of 2005.

Other Indicators (continued)

Real Gross Domestic Product

The Bureau of Economic Analysis (BEA) reported slower growth in real gross domestic product (GDP) in the second quarter of 2006. The final estimate showed real GDP grew 2.6 percent in the second quarter, which is 0.3 percentage points below the preliminary estimate and is 3.0 percentage points below the growth seen in the first quarter of 2006.

In 2005, real GDP grew 3.2 percent (revised July 2006). In comparison, annual real GDP growth in 2004 was 3.9 percent (revised July 2006). Real GDP is the value of all goods and services produced within the U.S. adjusted for inflation and is the broadest measure of economic activity.



Source: U.S. Bureau of Economic Analysis

The deceleration in economic growth in the second quarter reflected lower growth in the following areas:

- **Personal consumption expenditures** rose 2.6 percent in the second quarter, compared to a 4.8 percent growth in the first quarter.
- **Business investment in equipment and software** fell by 1.4 percent, after growing 15.6 percent in the first quarter.
- **Federal government spending and gross investment** fell by 4.5 percent; in contrast growth was 8.8 percent in the first quarter.
- Deceleration in **exports** increasing by 6.2 percent, following a 14.0 percent increase in the first quarter of 2006.

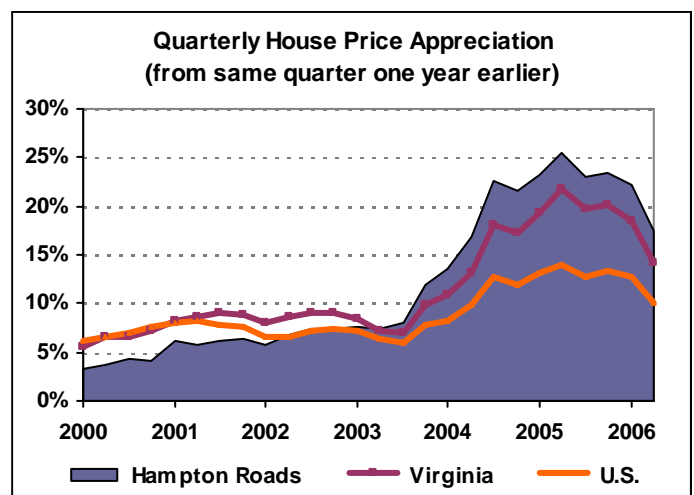
House Price Index

House price appreciation continued to decelerate in the second quarter of 2006. The Office of Federal Housing Enterprise Oversight (OFHEO) announced that the average national house price, as measured by the House Price Index, increased 10.06 percent from the second quarter of 2005. This follows growth of 12.77 percent in the first quarter of 2006 and 13.36 percent in the fourth quarter of 2005 over the same period last year.

Both Virginia and Hampton Roads MSA mirrored national trends. Home price appreciation statewide over the same period last year was 14.24 percent in the second quarter, following 18.51 percent growth in the first quarter of 2006 and 20.06 percent in the fourth quarter of 2005. Virginia ranked 12th among the states in home price appreciation.

In the Hampton Roads MSA, home price appreciation over the previous year was 17.39 percent in the second quarter, below the 22.09 percent and 23.45 percent growth in the first quarter of 2006 and fourth quarter of 2005, respectively. Hampton Roads ranked 37th among 275 MSAs in price appreciation, the highest in the state, outpacing growth in the Washington-Arlington-Alexandria MSA (15.67 percent) and Winchester MSA (16.96 percent).

The HPI is a broad measure of single-family home price appreciation. By tracking sales and refinancing activity of the same homes over the past thirty years, the HPI is considered to be more potentially useful than other measures that compare sales of different homes.



Source: Office of Federal Housing Enterprise Oversight